



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

Order Instituting Rulemaking Into Implementation of
Federal Communications Commission Report and Order
04-87, As It Affects The Universal Lifeline Telephone
Service Program.

) Rulemaking 04-12-001 01-18-08
) (Filed December 2, 2004) 04:59 PM
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**REPLY OF COX CALIFORNIA TELCOM, LLC,
DBA COX COMMUNICATIONS, ON THE ASSIGNED
COMMISSIONER'S RULING SETTING SCOPE OF PHASE 2**

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Dated: January 18, 2008

I. Introduction.

Pursuant to the Commission's Rules of Practice and Procedure and ALJ Jones' email, dated December 19, 2007, in which she granted an extension of time by which to file reply comments, Cox California Telcom, L.L.C., *dba* Cox Communications (U 5684 C) ("Cox") submits these timely comments on the Assigned Commissioner's Ruling Setting Scope of Phase 2, dated November 14, 2007 ("AC Ruling").

II. The Commission Should Take Additional Steps To Address Problems With the Lifeline Program And Delay Adopting A Pre-Qualification System At This Time.

Cox understands that the proposed pre-qualification process would delay Lifeline benefits to eligible subscribers until their eligibility is confirmed by Solix. The Division of Ratepayer Advocates ("DRA") and the Consumer Groups¹ oppose the Commission switching to a pre-qualification system for numerous reasons that the Commission should thoroughly consider. DRA, for example, correctly points out that the Commission should resolve underlying problems that cause consumers submitting certification and verification forms to be deemed ineligible for Lifeline.² This is a wise course of action as it will likely resolve existing problems that pre-qualification is intended to address. AT&T, Verizon, SureWest and the Small LECs, for example, suggest that backbilling is a significant problem that pre-qualification will remedy. Cox acknowledges that backbilling is a significant issue, but cautions the Commission against "fixing" the backbilling problem instead of focusing on the true underlying problems.

Prior to switching to a pre-qualification system, Cox recommends that the Commission take other steps to improve certification and verification rates, and thereby, decrease the backbilling problem. The Commission should gather and analyze more Lifeline subscriber data. The Commission should fully document both the percentage of and actual number of consumers subscribing to and enrolling in Lifeline, as compared to those that do not qualify and must pay backbilled amounts. And the Commission should continue to research why certain subscribers do not qualify initially or upon re-submission of their certification form. As DRA points out, reading, filling out and returning the certification form may be a daunting task for Lifeline subscribers.³ Moving to a pre-qualification system will not benefit these or other consumers who need time to fill out and return the certification form. Switching to a pre-qualification system would not likely result in these consumers returning their certification forms more quickly or in higher volumes.

¹ The Consumer Groups include TURN, National Consumer Law Center, Disability Rights Advocates and Latino Issues Forum.

² Opening Comments Of The Division of Ratepayer Advocates on Assigned Commissioner's November 12, 2007 Ruling Setting Scope of Phase 2, pp. 3-4 (dated December 14, 2007) (hereafter "DRA OC").

³ DRA OC, p. 4.

According to Solix, 50% of certification customers do not qualify for Lifeline, and thereby, are re-graded to regular service.⁴ Without an explanation of the data underlying that statistic, it should not be relied upon as a basis for imposing a pre-qualification system. For example, it would be helpful to know if the 50% rate is based on all certifications since July 2006 or for a more recent period of time. The Commission should also determine if the percentage of non-enrolled consumers increased, decreased or stayed the same after the Commission adopted rules improving the registration process in D.07-05-030. Without additional data and analysis of such data, it is premature for the Commission to hastily move to a pre-qualification system and unnecessarily deny eligible subscribers Lifeline benefits for up to 6-8 weeks.

Cox strongly recommends that the Commission fully consider the impact of making a major modification to the Lifeline program at this time. As DRA notes, instead of making wholesale changes, the Commission should focus its efforts on modifying the existing program rules to Lifeline and improving Lifeline subscribers' experience with and ability to subscribe to Lifeline. Further, any substantial change to the Lifeline program should be very carefully implemented only after the Commission has completed a full consumer education campaign surrounding such changes. As Cox noted in its opening comments, the Commission is considering significant changes to the Lifeline program in R.06-05-028, including calculation of the Lifeline rate under URF, distribution of the Lifeline benefit as a fixed benefit and permitting wireless carriers to serve Lifeline subscribers. Consistent with DRA's recommendation, the Commission should focus on improving the Lifeline program under the existing framework instead of adopting new rules that would significantly modify administration and operation of the program. By focusing on improving enrollment rates and other issue under the existing rules, the Commission will ensure that Lifeline subscribers receive the benefits the Commission and Legislature intended for and not cause them to incur unnecessary disruption or delay in receiving Lifeline benefits.

AT&T, Verizon, SureWest and the SureWest/Small LECs advocate in favor of the Commission switching to a pre-qualification mechanism and eliminating the current process that allows eligible consumers to receive Lifeline benefits upon signing up with their carrier. These parties identify three general problems concerning the current process, namely that consumers ultimately deemed not eligible (1) are burdened by having to pay large backbilled amounts; (2) experience confusion when notified of their ineligibility; (3) burden the Commission, Solix and carries with questions about backbilling and

⁴ See Opening Comments of AT&T California (U 1001 C) On Assigned Commissioner's Ruling Setting Scope of Phase 2, pp. 1-4, (dated December 14, 2007) (hereafter "AT&T OC"); Verizon California Inc. (U 1002 C) Opening Comments On Lifeline Certification Process, pp. 2-6 (dated December 14, 2007) (hereafter "Verizon OC"); Opening Comments of SureWest Telephone (U 1015 C) And The Small LECs On Assigned Commissioner's Ruling Setting Scope of Phase 2, pp. 2-6 (dated December 14, 2007) (hereafter "SureWest/Small LECs OC").

otherwise impose greater administrative costs than consumers who do qualify for Lifeline.⁵ The Commission should compare, within the context of the Moore Act, these problems with the benefits enjoyed by consumers who enroll in Lifeline under the current registration mechanism. In other words, do the burdens on subscribers deemed ineligible, carriers and the Commission outweigh the benefits that those deemed eligible Lifeline immediately receive when signing up for Lifeline. Additionally, the Commission must also consider the burden that eligible Lifeline subscribers would be required to carry under a pre-qualification system – specifically, payment of full priced rates for at least two billing cycles. A pre-qualification process would shift the burden from ineligible subscribers and carriers to consumers that do actually qualify for the Lifeline program.

AT&T states that there will be an overall decrease in carriers' administrative cost that carriers seek from the fund because they will spend less time re-grading ineligible customers' accounts.⁶ Notably however, carriers will likely incur other administrative costs under pre-qualification enrollment that they do not incur today under the current enrollment process. For example, calls from ineligible customers concerning backbilling may decrease, but Solix and carriers will likely experience an increased number of calls from consumers inquiring about the status of their enrollment in Lifeline. And if eligible consumers cannot pay the full monthly and nonrecurring rates while they wait (for up to two months) for their eligibility to be confirmed, they may become subject to a carrier's collection efforts and disconnection of service. Any registration process will result in carriers incurring some administrative expenses. Unless parties can demonstrate that the administrative costs associated with a pre-qualification system are significantly lower than the current registration process, the Commission should not grant any weight to this proposed benefit when considering administrative costs as a basis for switching to a pre-qualification system.

Cox submits that the Commission should continue to focus its efforts on both stabilizing the Lifeline program and remedying any deficiencies with the current framework. Lifeline consumers have faced enough change and disruption over the last year and one-half. The Commission should examine other ways to increase certification and verification rates within the existing enrollment framework prior to switching to the pre-qualification system. Doing so, will likely eliminate the backbilling problem that parties seek to remedy with a pre-qualification system.

III. The Commission Should Determine The Impact Of Eliminating Income-Based Eligibility On Lifeline Subscribers Before Actually Eliminating That Subscriber Option.

A number of parties recommend that the Commission eliminate income-based eligibility for Lifeline subscribers in order to increase administrative ease and efficiency. For example, both AT&T and

⁵ AT&T OC, p. 2.

⁶ Id., p. 4.

Verizon suggest that the Lifeline certification/verification processes would be significantly simplified by eliminating the income-based eligibility option.⁷ While administrative efficiency is an important goal, the Commission should not pursue it at the expense of unnecessarily removing Lifeline consumers from the program. Indeed, income-based eligibility is important for 20% of the Lifeline subscriber base.⁸ Several parties carefully explain that low-income subscribers may not know about about or wish to sign up for programs that would qualify them for Lifeline.⁹ Additionally, certain low-income subscribers simply may not qualify for such programs.¹⁰ The Commission's universal service goal is to achieve a 95% subscribership rate for basic telephone service for all ratepayers, including low-income consumers. The Commission should ensure that Lifeline program rules will allow the Commission to achieve this goal. Carefully considering the intent of the Moore Act and the Commission's universal service goals should lead the Commission to conclude that income-based eligibility is an important part of the Lifeline program that it should not eliminate.

Solix reports that 20% of applicants certified based on their income. AT&T questions this data and suggests that the percentage will decrease over time based on AT&T's experience in Ohio.¹¹ AT&T, however, does not establish that the California and Ohio programs are similar such that California rates will mimic those in Ohio. Perhaps the income-based certifications in California will decrease over time like Ohio, but they may not. We just don't know or have enough information. What the Commission does know is that a good-sized segment of the Lifeline customer base currently qualifies for the program using income-based eligibility. Cox recommends that the Commission grant AT&T's comments on this particular issue little to no weight as additional analysis is necessary.

Prior to eliminating income-based eligibility, the Commission should determine the impact of such on Lifeline subscribers and whether doing so is consistent with the Moore Act and the Commission's universal service goals.

IV. A Web-Based System Should Expedite Lifeline Enrollment And Allow Low-Income Subscribers To Enroll In The Commission's Other Low-Income Utility Programs.

Cox agrees that the Commission should continue to pursue implementation of a web-based system that would expedite the certification/verification process and potentially allow Lifeline subscribers to enroll in other Commission low-income programs. Cox agrees with other parties that any on-line

⁷ AT&T OC, p. 6. Verizon OC, p. 6.

⁸ See Comments of Consumer Groups on Assigned Commissioner's Ruling Setting Scope of Phase 2 Issues November 14, 2007, p. 10 (dated December 14, 2007) (hereafter "Consumer Group OC").

⁹ DRA OC, p. 6; Consumer Groups OC, p. 10.

¹⁰ Joint Comments of San Diego Gas & Electric Company and Southern California Gas Company to the Assigned Commissioner's Ruling Setting Scope of Phase 2 on Improving the California Lifeline Certification and Verification Processes, p. 3 (dated December 14, 2007) (hereafter "SDGE/SCE OC").

¹¹ AT&T OC, p. 6.

system adopted by the Commission should be easy for Lifeline subscribers to access and use, require little human-intervention and promptly certify a subscriber's eligibility.¹²

Cox supports the development of a web-based program provided that the Commission does not eliminate the existing Lifeline subscriber options. Specifically, while the web-based system will likely be accessed by a certain percentage of Lifeline subscribers, many low-income consumers do not routinely access the Internet, and therefore, would not likely apply on-line to Lifeline.¹³ Again, to satisfy or exceed its 95% subscribership rate, the Commission should adopt program rules addressing the needs of all types of Lifeline subscribers.

Most parties recognize that it would be theoretically ideal for the Commission to have a process through which low-income consumers could submit one application to enroll in all of the Commission's low-income programs. Most parties also recognize that it would be a significant undertaking and once completed it would not actually allow low-income consumers to enroll in all such programs because the eligibility requirements are so distinct.¹⁴ Cox agrees with San Diego Gas & Electric/Southern California Edison that confidentiality of customer information is a major issue that the Commission and parties will need to further investigate. Parties have identified significant and complex issues that the Commission must address as it moves forward with a web-based program intended to subscribers to all of the Commission's low-income programs. Cox looks forward to working with other parties to address these issues.

V. Conclusion.

Now is not the time for the Commission to adopt new program rules that will significantly change the existing Lifeline program. Parties advocating for the the Commission to switch to a pre-qualification enrollment process and to eliminate income-based eligibility have not established that these changes are necessary or that Lifeline subscribers will benefit, and/or alternatively, not be harmed. Accordingly, Cox recommends that the Commission not adopt the pre-qualification system at this time and continue to allow consumers to qualify for Lifeline based on their income..

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¹² See AT&T OC, pp. 5-6; Consumer Groups OC, pp. 15-16; SDGE/SCE OC, p. 2; SureWest/Small LECs OC p. 7.

¹³ See DRA OC, p. 8.

¹⁴ SDGE/SCE OC, pp. 2-3; AT&T OC, pp. 8-9; Verizon OC, pp. 9-10.

Dated: January 18, 2008

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PROOF OF SERVICE

I, Margaret L Tobias, the undersigned, hereby declare that, on January 18, 2008, caused a copy of the foregoing:

**REPLY COMMENTS OF COX CALIFORNIA TELCOM, LLC,
DBA COX COMMUNICATIONS, ON THE ASSIGNED
COMMISSIONER'S RULING SETTING SCOPE OF PHASE 2**

in the above-captioned proceeding, to be served as follows:

- ☒ [X] Via hand-delivery and US Mail to the Assigned Commissioner
- ☒ [X] Via email service and US Mail to Administrative Law Judge
- ☒ [X] Via email or US Mail service to all parties included in the attached service list

Dated: January 18, 2008 at San Francisco, California.

/s/

Margaret L. Tobias

Proceeding: R0412001 - CPUC-ILECS, CLECS -
Filer: CPUC - ILECS, CLECS
List Name: INITIAL LIST
Last changed: January 9, 2008

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